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25-6079

Approved For Release 2002/05/06 : CIA-RDP57-00384R000700060004-7
Security Information

OGC HAS REVIEWED.

4 November 1953

MEMORANDUM FOR: Chief, Inspection and Review Staff

SUBJECT : [REDACTED]

1. In his memorandum of 20 October 1953, the Deputy Director (Plans) suggested that this Office may be able to assist you in your survey of [REDACTED] connection with the Central Intelligence Agency. I have reviewed all the files pertinent to this Office in connection with the matter and have searched my own recollection. The facts are fairly simple:

a. [REDACTED] was first proposed as a consultant or employee, but it was felt by the Security Office and others that certain practical aspects of the case led to the feeling that he should not, in any way, be made an employee of the Agency. This Office was asked to suggest a solution and also whether an agent's contract would be suitable. We expressed our view that the agent category should be restricted to those being utilized in foreign fields, as it could be misconstrued if applied to a person working in an advisory capacity to the Agency, particularly in Washington. We suggested, therefore, the category of an independent contractor under contract for the procurement and furnishing of information and services of a confidential nature. This was agreed to, and [REDACTED] drafted a contract on 28 October 1949. Later, some changes were made and the contract of 31 October 1950 appears to reflect the complete agreement, as it includes the representation allowance and provision for certain other expenses. We questioned certain of these authorizations for additional payments as not being applicable to the type of utilization contemplated, but were assured that they were essential to the proper development of the project as the individual insisted upon them.

b. We had no personal experience, but it was our understanding that there was considerable difficulty in negotiating the agreement with [REDACTED]. The original contract and all amendments specify that the relationship between [REDACTED] and the Government was confidential within the meaning of the espionage laws, and that he was to keep forever secret the contract, the relationship thereby established, and all information

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obtained by reason thereof unless specifically released in writing by an authorized official of the Government. We do not have the originals of these contracts, but assume that the originals would show the acceptance of [] in writing. We have a copy of the termination notice of 29 April 1952 addressed to [] by the authorized contracting officer and specifically pointing out that paragraph 7 of the contract, which is the paragraph regarding confidential information, survives the termination of the contract.

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c. The only other item of a legal nature appears to be a question of lump-sum leave payment, which was settled by the Special Contracting Officer in favor of []

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15/
LAWRENCE R. HOUSTON
General Counsel

OGC:LRH:jeb

cc: DD/P

SCO (w/SCO basic)

OGC chrono

✓ OGC subject "Contracts-Correspondence" 511D w/incoming memo